



**SHFC Action Item V.A.
May 6, 2021**

Resolution No. SHFC-2021-04: To Approve the authorization of the issuance of Multifamily Housing Revenue Bonds, the proceeds of which will be used to finance or refinance the acquisition, repair and/or rehabilitation of the **Rosemont at Oak Valley Apartments** located at 2800 Collins Creek Drive, Austin, Travis County, Texas; and Authorize the filing of an application with the Texas Bond Review Board for a reservation of an allocation of State volume cap for private activity bonds, and Authorize additional provisions relating thereto.

WHEREAS, Strategic Housing Finance Corporation of Travis County (the "Corporation") is authorized by the Texas Housing Finance Corporations Act, Local Government Code, Chapter 394, Vernon's Annotated Texas Civil Statutes, as amended (the "Act"), to issue revenue bonds, as defined in the Act, for the purpose of paying all or part of the cost of a Residential Development as defined in the Act, and to sell or lease the project to others or loan the proceeds of the bonds to others to finance all or part of the cost of the Residential Development; and

WHEREAS, the Act authorizes the Corporation: (a) to make loans to any person to provide financing for rental residential developments located within Travis County, Texas (the "County"), and intended to be occupied substantially (at least 90 percent) by persons of low and moderate income, as determined by the Corporation; (b) to issue its revenue bonds for the purpose of obtaining moneys to make such loans and provide such financing, to establish necessary reserve funds and to pay administrative costs and other costs incurred in connection with the issuance of such bonds; and (c) to pledge all or any part of the revenues, receipts or resources of the Corporation, including the revenues and receipts to be received by the Corporation from or in connection with such loans, and to mortgage, pledge or grant security interests in such loans or other property of the Corporation in order to secure the payment of the principal or redemption price of and interest on such bonds; and

WHEREAS, the Corporation now desires to authorize its tax-exempt multifamily housing revenue bonds, to the extent authorized by law, to provide funds to finance or refinance the cost of acquiring, developing, repairing and/or rehabilitating the apartment complex known as Rosemont at Oak Valley in Austin, Travis County, Texas (the "Project") currently owned by SHFC Oak Valley LLC (the "User"); and

WHEREAS, the Corporation has determined to take some official action toward the issuance of such bonds; and

WHEREAS, the County, has authorized and approved creation of the Corporation to act on its behalf to further certain public purposes of the County;



NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE STRATEGIC HOUSING FINANCE CORPORATION OF TRAVIS COUNTY, THAT:

Section 1: The Corporation hereby authorizes and agrees that it will issue and sell its multifamily housing revenue bonds (the "Bonds") from time to time in one or more series pursuant to the provisions of Texas law to finance or refinance all or part of the cost of acquiring, developing, rehabilitating, repairing and equipping the Project, together with certain costs of authorization, sale and issuance of the Bonds.

The Bonds will be issued and sold, subject to the terms thereof, in a maximum aggregate principal amount now estimated to be not more than [\$40,000,000.]

Section 2: The proceeds of the Bonds will be used to finance or refinance a portion of the acquisition, development, rehabilitation, repair and equipping of the Project.

Section 3: The Corporation will enter into a financing agreement with the User (or a designee of the User) providing for financing of all or part of the cost of the Project.

Section 4: The Board of Directors of the Corporation (the "Board of Directors") hereby finds, determines and declares that (i) the Project is required and suitable for the promotion of the construction of improved, or expanded residential development in the County, (ii) the User has the business experience, financial resources and responsibility to provide reasonable assurance that the Bonds and the interest thereon to be paid from, or by reason of, payments made by the User under the financing agreement will be paid as the same become due, and (iii) the Project is in furtherance of the public purposes set forth in the Act.

Section 5: That neither the User nor any other party is entitled to rely on this Resolution as a commitment to loan funds, and the Corporation reserves the right not to issue the Bonds either with or without cause and with or without notice, and in such event the Corporation shall not be subject to any liability or damages of any nature. Neither the User nor any one claiming by, through or under the User, nor any investment banking firm or potential purchaser of the Bonds shall have any claim against the Corporation whatsoever as a result of any decision by the Corporation not to issue the Bonds.

Section 6: The Corporation hereby authorizes the filing of one or more Applications For Allocation of Private Activity Bonds with the Texas Bond Review Board ("BRB") for the year 2021 or 2022 (or a later year if determined by the officer executing such application) for the aggregate amount of up to [\$40,000,000] of qualified residential mortgage bonds, and the President of the Corporation, the Executive Vice President of the Corporation, and/or the Director of Real Estate Development of the Corporation are designated as the authorized officers, acting together or individually, to execute and deliver such Application to the BRB and to take any other actions consistent with this Resolution, including the execution of documents necessary to withdraw a reservation, obtain a new reservation, obtain a carry forward of a volume cap reservation or an additional application to the BRB for a new reservation or a volume cap carry forward application for a subsequent calendar year, as may be determined necessary by the officer executing any such document.



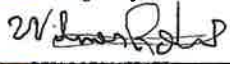
Section 7: The Corporation authorizes participation in the financing, development and operation of the Project including but not limited to, acting as the sole member of, the general partner of the entity that will develop and operate the Development and participating in the application to the Texas Department of Housing and Community Affairs for low-income housing tax credits, and that any officer of the Corporation, including but not limited to Patrick Howard as Executive Vice President and Robert Onion as Director of Real Estate Development, may act on behalf of the Corporation in connection with the Corporation's participation in the Project;

Section 8: This Resolution is a Declaration of Official Intent under U.S. Treasury Regulations for purposes of Sections 103 and 141 to 150 of the Internal Revenue Code of 1986, as amended. Based upon the representations of the User, the Corporation reasonably expects that certain of the costs of the Project may be reimbursed with the proceeds of the Bonds.

NOW, THEREFORE, BE IT FURTHER RESOLVED that the Board of Directors of the Corporation hereby:

1. Approves Resolution SHFC-2021-04,
2. Authorizes the officers, including, specifically, the Executive Vice President and Director of Real Estate Development, to execute all relevant documents, instruments, agreements, policies, and procedures and to take all actions on behalf of SHFC contemplated by the foregoing resolutions.

Passed and approved the 6th day of May, 2021.

DocuSigned by:

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Wilmer Roberts, President, Board of Directors

Attested and approved as to form:


Patrick B. Howard, Executive Vice President



CERTIFICATION

The above resolution, adopted by the Board of Directors of the Strategic Housing Finance Corporation of Travis County at a meeting held on the 6th day of May, 2021, is hereby certified to be a true and correct copy of an official copy thereof on file among the official records of such Corporation.

WITNESS my hand and seal of office this 6th day of May, 2021.

By: Debbie Honeycutt
Name: Debbie Honeycutt
Title: Sr. Admin. Assistant



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Background Information: In September of 2019, Strategic Housing Finance Corporation (SHFC) closed on the transaction containing 280 units located at 2800 Collins Drive in Austin called Rosemount at Oak Valley. SHFC issued essential purpose tax exempt bonds and SHFC purchased the property for no money down. At that time, the discussion of the plan of this development revolved around three options. Plan A – Re-syndicate the transaction, receive tax credits and re-habilitate the property with these proceeds. This of course would extend the affordability of the property for another 30 years. Plan B – Refinance the property with long term debt and if proceeds are available, re-habilitate the property with those proceeds. Plan C – Sell the property at a given time and take the equity to the extent available for a profit.

In the latest Stimulus Bill Congress has approved a 4% floor on the housing tax credit used in conjunction with Tax Exempt Bonds. What this means is that there will be approximately 20% to 25% more in proceeds available to Tax Exempt Bond Transaction. See Title II-Other Provisions attached.

In addition, the New 2021 Qualified Allocation Plan as submitted to and approved by the Governor no longer limits the amount of equity that the selling entity can realize when selling to the new Partnership entity. Equity will be determined by an appraisal at the time of sale. This will allow SHFC to receive equity and still be involved in the new Partnership thereby combining Plan A and C.

On February 4, 2021 the Board elected to table this discussion pending the discussion on what income and rent asides would be considered in the application to the Bond Review Board.

This resolution, if adopted, will allow any funds expended after this approval to be included in eligible basis for tax credit awards in the future. Staff doesn't anticipate making an application to the Bond Review Board at this time.

Recommended Action: Consider the appropriate action regarding **Resolution No. SHFC-2021-04:** To Approve the authorization of the issuance of Multifamily Housing Revenue Bonds, the proceeds of which will be used to finance or refinance the acquisition, repair and/or rehabilitation of the Rosemont at Oak Valley Apartments located at 2800 Collins Creek Drive, Austin, Travis County, Texas; and Authorize the filing of an application with the Texas Bond Review Board for a reservation of an allocation of State volume cap for private activity bonds, and Authorize additional provisions relating thereto.



Alternate Option:

The Board of Directors could elect to **Not** Approve the following Resolution:

- Resolution No. SHFC-2021-04

Fiscal Impact:

This transaction will greatly enhance the financial position of SHFC through the collection of Bond issuance fee and ongoing Bond Administration fee collected annually.

Attachment:

- A. Resolution No. SHFC-2021-04

Prepared by:

Robert Onion – Director of Real Estate Development

Approval:

Patrick B. Howard

Patrick B. Howard, *Executive Vice President*